

CITY OF BOWLING GREEN, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2014

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	15
Statement of Activities.....	16
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds.....	25
Notes to Financial Statements.....	26
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress	54
Budgetary Comparison Schedule – General Fund.....	55
Budgetary Comparison Schedule – Cemetery Fund.....	57
Budgetary Comparison Schedule – Park Fund	58

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION (continued)

Budgetary Comparison Schedule – Library Fund	59
Note to Budgetary Comparison Schedules	60

OTHER FINANCIAL INFORMATION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62
Schedule of Findings and Responses	64



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the City of Bowling Green, Missouri, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Bowling Green, Missouri, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules and Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015, on our consideration of the City of Bowling Green, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bowling Green, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
January 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2014**

The management's discussion and analysis of the City of Bowling Green's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements, which begin on page 15.

Financial Highlights

- The net position of the City's governmental activities increased by \$446,504 for the year as a result of current year activities. The net position of the City's business activities increased by \$30,696 for the year.
- The assets of the City exceeded its liabilities as of September 30, 2014, by \$17.4 million (net position). Of this amount \$1,194,557 was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$1,009,594 during the year.
- Total revenues increased 4% compared to prior year revenues, while total expenses decreased <1%.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in it. The City's net position – the difference between assets and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2014**

Government-Wide Financial Statements (continued)

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the Board of Aldermen establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in reconciliations following the fund financial statements.
- Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2014**

Government-Wide Financial Analysis

NET POSITION

The following table presents the condensed Statement of Net Position for the City as of September 30, 2014 and 2013:

	Governmental Activities	Business-Type Activities	Total September 30, 2014	Total September 30, 2013
Current and other assets	\$ 1,347,404	\$ 913,670	\$ 2,261,074	\$ 2,130,611
Capital assets	9,855,021	16,851,563	26,706,584	27,345,896
TOTAL ASSETS	11,202,425	17,765,233	28,967,658	29,476,507
Other liabilities	261,498	755,685	1,017,183	993,638
Long-term liabilities outstanding	3,656,269	6,933,624	10,589,893	11,599,487
TOTAL LIABILITIES	3,917,767	7,689,309	11,607,076	12,593,125
Net position:				
Net investment in capital assets	6,021,031	9,329,606	15,350,637	15,091,513
Restricted				
Non-expendable	29,321	-	29,321	29,321
Expendable	391,147	394,920	786,067	747,403
Unrestricted	843,159	351,398	1,194,557	1,015,145
TOTAL NET POSITION	\$ 7,284,658	\$ 10,075,924	\$ 17,360,582	\$ 16,883,382

Total net position of the City increased by \$477,200 for the year due to current year activity. Total liabilities for the City decreased \$986,049.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2014**

CHANGE IN NET POSITION

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2014	Total Year Ended September 30, 2013
REVENUES				
Program Revenues				
Charges for services	\$ 131,627	\$ 2,733,583	\$ 2,865,210	\$ 2,760,588
Operating grants and contributions	11,107	-	11,107	17,368
Capital grants and contributions	-	-	-	1,965
General Revenues				
Property taxes	340,205	-	340,205	310,627
Sales taxes	1,449,134	-	1,449,134	1,347,329
Motor vehicle taxes	201,614	-	201,614	191,851
Other taxes	323,480	-	323,480	326,983
Franchise fees	350,802	-	350,802	324,546
Interest	4,628	125,492	130,120	141,379
Other revenue	38,404	-	38,404	233,072
Special Item				
Gain on sale of property	197,381	-	197,381	-
TOTAL REVENUES	3,048,382	2,859,075	5,907,457	5,655,708
EXPENSES				
Administrative	371,750	-	371,750	356,146
Public safety	879,547	-	879,547	929,046
Fire	45,798	-	45,798	41,424
Community center	20,395	-	20,395	19,470
Airport	102,155	-	102,155	96,817
Street	614,893	-	614,893	629,070
Municipal court	8,733	-	8,733	8,794
Planning and zoning	66,420	-	66,420	69,192
Cemetery	43,241	-	43,241	40,557
Park	178,744	-	178,744	165,481
Pool	19,268	-	19,268	14,532
Library	101,823	-	101,823	89,612
Other	3,265	-	3,265	3,655
Debt service	145,846	-	145,846	228,243
Water	-	1,778,784	1,778,784	1,761,440
Sewer	-	1,049,595	1,049,595	1,002,693
TOTAL EXPENSES	2,601,878	2,828,379	5,430,257	5,456,172
INCREASE IN NET POSITION	\$ 446,504	\$ 30,696	\$ 477,200	\$ 199,536

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2014**

Governmental Activities

Governmental activities increased the net position of the City by \$446,504. Tax revenues for the City were \$2,665,235 which represents 87% of the financing of these activities. Program revenues for the functions totaled \$142,734. The following table shows the cost of the City's programs as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**NET COST OF THE CITY OF BOWLING GREEN'S
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administrative	\$ 371,750	\$ 350,936
Public safety	879,547	857,467
Fire	45,798	45,798
Airport	102,155	26,709
Street	614,893	614,893
Planning and zoning	66,420	61,308
Park	178,744	177,639
Community center	20,395	20,395
Library	101,823	91,600
Debt service	145,846	145,846
Other government activities	74,507	66,553
	\$ 2,601,878	\$ 2,459,144

Business-Type Activities

Business-type activities increased the City's net position by \$30,696.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2014, were \$1,263,760. The General Fund increased by \$224,045. The Cemetery Fund decreased by \$1,389. The Park Fund increased by \$1,060. The Library Fund decreased by \$13,014. The Debt Service Fund increased by \$768.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2014**

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$2,596,371 did not change during the year.

Expenditures

The original expenditure budget of \$2,587,771 did not change during the year.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$9,855,021 (net of accumulated depreciation) as of September 30, 2014. Net capital assets for business-type activities were \$16,851,563 as of September 30, 2014.

Debt

Total debt of the governmental activities as of September 30, 2014, was \$3,859,657, which is down from \$4,272,016 in the prior year.

Total long-term debt of the business-type activities as of September 30, 2014, was \$7,521,957, which is down from \$8,092,070 in the prior year.

Economic Factors and Next Year's Budget

- Modest new commercial and residential development continues to occur within the community. Commercial development includes the construction of a new Taco Bell restaurant which opened in December 2014, and additional tenant space development in the Bowling Green Town Center.

Anticipated residential development includes several single-family residential dwellings and a newly proposed subdivision providing a condominium form of ownership. This proposed senior housing will allow the tenants to own their units, but will permit the exterior maintenance to be done by the condominium Homeowners Association.

- The 2014-2015 fiscal year budget consists of eight separate Funds. These Funds include the Tourism Fund, Library Fund, Cemetery Fund, Park Fund, Water Fund, Sewer Fund, and General Fund. A new Fund, the Street (CIP) Fund was added this year as a result of the successful passage of a ½ cent Capital Improvement Sales Tax.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF BOWLING GREEN, MISSOURI
SEPTEMBER 30, 2014**

Economic Factors and Next Year's Budget (continued)

The new tax began to be collected in October 2014 and is to be used “solely for street and street related improvements” according to the ballot language. All eight of the City's Funds are balanced for the 2014-2015 fiscal year.

- There are a number of capital items which were approved in the 2014-2015 budget. The major budgeted items included purchase of a used pickup truck and loader for the Parks and Recreation Department; replacement of the roof on the shelter house at the Bowling Green Conservation Area; purchase of a vac-truck to enhance the water and sewer operations; a walkway cover at the Wastewater Plant for added safety; and the purchase of a used vehicle for the Police Chief.
- The operational budget also included various enhancements throughout the community. These enhancements include crack sealing, asphalt overcoat and curb stop replacement at the Library/Community Center; landscaping improvements at the Green Lawn and Memorial Gardens Cemeteries; resealing of the walking path in the City Park; placement of a new “clay” infield on Ballfield #1; and the chip and sealing of North Court Street.
- The most significant impact around the community in 2015 will be the repaving of a number of streets. These streets are able to be paved due to the successful passage of the ½ cent Capital Improvement Sales Tax.
- City staff, the Mayor and members of the Board of Aldermen receive and reviews the financial status of the City throughout its fiscal year. This action will continue to allow the aggressive monitoring and management of the City's finances.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Bowling Green
16 W. Church
Bowling Green, Missouri 63334
(573) 324-5451

Dan R. Lang, City Administrator
Barbara Allison, City Clerk
Donna Colbert, Treasurer

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET POSITION
September 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents - unrestricted	\$ 647,376	\$ 88,525	\$ 735,901
Investments - unrestricted	255,852	-	255,852
Ad valorem taxes receivable	4,968	-	4,968
Sales tax receivable	243,711	-	243,711
Utilities receivable, net	-	249,748	249,748
Other accounts receivable	85,625	805	86,430
Court fines receivable	41,859	-	41,859
Accrued interest receivable	1,857	-	1,857
Inventory	-	97,320	97,320
Prepaid expenses	26,097	12,752	38,849
Restricted cash and cash equivalents	11,861	349,420	361,281
Restricted investments	28,198	115,100	143,298
Capital Assets:			
Non-depreciable	1,103,673	203,630	1,307,303
Depreciable, net	8,751,348	16,647,933	25,399,281
TOTAL ASSETS	11,202,425	17,765,233	28,967,658
LIABILITIES			
Current			
Accounts payable	28,825	38,792	67,617
Accrued expenses	3,692	-	3,692
Deposits payable	6,060	69,600	75,660
Unearned revenue	4,000	-	4,000
Court bonds payable	1,187	-	1,187
Accrued interest payable	14,346	58,960	73,306
Current maturities of long-term debt	203,388	588,333	791,721
	261,498	755,685	1,017,183
Noncurrent			
Revenue bonds payable	-	6,887,764	6,887,764
Certificates of participation payable	980,000	-	980,000
Loan payable	2,538,428	45,860	2,584,288
Leases payable	112,174	-	112,174
Compensated absences	25,667	-	25,667
	3,656,269	6,933,624	10,589,893
TOTAL LIABILITIES	3,917,767	7,689,309	11,607,076
NET POSITION			
Net investment in capital assets	6,021,031	9,329,606	15,350,637
Restricted			
Non-expendable	29,321	-	29,321
Expendable	391,147	394,920	786,067
Unrestricted	843,159	351,398	1,194,557
TOTAL NET POSITION	\$ 7,284,658	\$ 10,075,924	\$ 17,360,582

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (371,750)	\$ 19,514	\$ 1,300	\$ -	\$ (350,936)	\$ -	\$ (350,936)
Public safety	(879,547)	19,085	2,995	-	(857,467)	-	(857,467)
Fire	(45,798)	-	-	-	(45,798)	-	(45,798)
Community center	(20,395)	-	-	-	(20,395)	-	(20,395)
Airport	(102,155)	75,446	-	-	(26,709)	-	(26,709)
Street	(614,893)	-	-	-	(614,893)	-	(614,893)
Municipal court	(8,733)	-	-	-	(8,733)	-	(8,733)
Planning and zoning	(66,420)	5,112	-	-	(61,308)	-	(61,308)
Cemetery	(43,241)	7,600	354	-	(35,287)	-	(35,287)
Park	(178,744)	1,105	-	-	(177,639)	-	(177,639)
Pool	(19,268)	-	-	-	(19,268)	-	(19,268)
Library	(101,823)	3,765	6,458	-	(91,600)	-	(91,600)
Other	(3,265)	-	-	-	(3,265)	-	(3,265)
Debt service	(145,846)	-	-	-	(145,846)	-	(145,846)
TOTAL GOVERNMENTAL ACTIVITIES	(2,601,878)	131,627	11,107	-	(2,459,144)	-	(2,459,144)
Business-Type Activities							
Water	(1,778,784)	1,832,431	-	-	-	53,647	53,647
Sewer	(1,049,595)	901,152	-	-	-	(148,443)	(148,443)
TOTAL BUSINESS-TYPE ACTIVITIES	(2,828,379)	2,733,583	-	-	-	(94,796)	(94,796)
TOTAL GOVERNMENT	\$ (5,430,257)	\$ 2,865,210	\$ 11,107	\$ -	(2,459,144)	(94,796)	(2,553,940)
		General Revenues:					
		Ad Valorem taxes			340,205	-	340,205
		Sales taxes			1,449,134	-	1,449,134
		Motor vehicle taxes			201,614	-	201,614
		Other taxes			323,480	-	323,480
		Franchise fees			350,802	-	350,802
		Interest			4,628	125,492	130,120
		Other revenue			38,404	-	38,404
		Total General Revenues			2,708,267	125,492	2,833,759
		Special Item:					
		Gain on sale of property			197,381	-	197,381
		Changes in Net Position			446,504	30,696	477,200
		Net Position, Beginning of year			6,838,154	10,045,228	16,883,382
		Net Position, End of year			\$ 7,284,658	\$ 10,075,924	\$ 17,360,582

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2014

	<u>Special Revenue Funds</u>					Debt Service Fund	Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Library Fund		
ASSETS							
Cash and cash equivalents - unrestricted	\$ 346,972	\$ 87,564	\$ 170,042	\$ 42,798	\$ -	\$ -	\$ 647,376
Investments - unrestricted	250,000	-	-	5,852	-	-	255,852
Ad valorem taxes receivable	3,378	547	-	1,043	-	-	4,968
Sales tax receivable	214,625	-	29,086	-	-	-	243,711
Other accounts receivable	85,625	-	-	-	-	-	85,625
Court fines receivable	41,859	-	-	-	-	-	41,859
Accrued interest receivable	1,833	21	-	3	-	-	1,857
Prepaid expenses	22,971	689	1,545	892	-	-	26,097
Due from other funds	-	-	53,767	-	-	-	53,767
Restricted cash and cash equivalents	9,820	1,273	-	-	768	-	11,861
Restricted investments	-	28,198	-	-	-	-	28,198
TOTAL ASSETS	<u>\$ 977,083</u>	<u>\$ 118,292</u>	<u>\$ 254,440</u>	<u>\$ 50,588</u>	<u>\$ 768</u>	<u>\$ -</u>	<u>\$ 1,401,171</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 28,708	\$ -	\$ 83	\$ 34	\$ -	\$ -	\$ 28,825
Accrued expenses	3,110	-	272	310	-	-	3,692
Unearned revenue	4,000	-	-	-	-	-	4,000
Due to other funds	51,399	-	-	2,368	-	-	53,767
Court bonds payable	1,187	-	-	-	-	-	1,187
Deposits payable	6,060	-	-	-	-	-	6,060
TOTAL LIABILITIES	94,464	-	355	2,712	-	-	97,531

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
September 30, 2014

	Special Revenue Funds					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Debt Service Fund	
Deferred Inflows of Resources						
Deferred court fines	39,880	-	-	-	-	39,880
TOTAL DEFERRED INFLOWS OF RESOURCES	39,880	-	-	-	-	39,880
Fund Balances						
Nonspendable:						
Cemetery perpetual care	-	29,321	-	-	-	29,321
Prepaid items	22,971	689	1,545	892	-	26,097
Restricted for:						
Debt service	-	-	-	-	768	768
Flag reserves	2,573	-	-	-	-	2,573
Cemetery donations	-	150	-	-	-	150
Cemetery	-	88,132	-	-	-	88,132
Park	-	-	252,540	-	-	252,540
Library	-	-	-	46,984	-	46,984
Unassigned	817,195	-	-	-	-	817,195
TOTAL FUND BALANCES	842,739	118,292	254,085	47,876	768	1,263,760
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 977,083</u>	<u>\$ 118,292</u>	<u>\$ 254,440</u>	<u>\$ 50,588</u>	<u>\$ 768</u>	<u>\$ 1,401,171</u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
 NET POSITION
 September 30, 2014

Fund balance - total governmental funds	\$ 1,263,760
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	13,021,447
Less accumulated depreciation	<u>(3,166,426)</u>
	9,855,021
Adjustment of deferred inflows of resources	39,880
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(14,346)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(3,859,657)</u>
Net position of governmental activities	<u><u>\$ 7,284,658</u></u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 Year Ended September 30, 2014

	Special Revenue Funds				Debt Service Fund	Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund		
REVENUES						
Taxes	\$ 2,339,954	\$ 41,983	\$ 201,091	\$ 82,207	\$ -	\$ 2,665,235
Licenses and permits	19,483	-	-	-	-	19,483
Intergovernmental revenues	2,295	-	-	4,410	-	6,705
Charges for services	64,554	7,600	1,105	3,765	-	77,024
Fines and forfeitures	43,500	-	-	-	-	43,500
Miscellaneous	43,911	933	17,414	2,634	-	64,892
TOTAL REVENUES	2,513,697	50,516	219,610	93,016	-	2,876,839
EXPENDITURES						
Current						
Administrative	359,785	-	-	-	-	359,785
Public safety	932,418	-	-	-	-	932,418
Fire	36,328	-	-	-	-	36,328
Community center	17,938	-	-	-	-	17,938
Airport	77,809	-	-	-	-	77,809
Street	453,638	-	-	-	-	453,638
Municipal court	8,733	-	-	-	-	8,733
Planning and zoning	66,420	-	-	-	-	66,420
Cemetery	-	51,905	-	-	-	51,905
Park	-	-	168,483	-	-	168,483
Pool	-	-	25,268	-	-	25,268
Library	-	-	-	100,091	-	100,091
Other	3,265	-	-	-	-	3,265
Debt Service						
Principal and interest	582,562	-	24,799	5,939	7,669	620,969
TOTAL EXPENDITURES	2,538,896	51,905	218,550	106,030	7,669	2,923,050

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (continued)
 Year Ended September 30, 2014

	<u>Special Revenue Funds</u>					Total Governmental Funds
	General Fund	Cemetery Fund	Park Fund	Library Fund	Debt Service Fund	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(25,199)	(1,389)	1,060	(13,014)	(7,669)	(46,211)
OTHER FINANCING SOURCES (USES)						
Sale of property	197,381	-	-	-	-	197,381
Lease proceeds	60,300	-	-	-	-	60,300
Operating transfers in (out)	(8,437)	-	-	-	8,437	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>249,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,437</u>	<u>257,681</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	224,045	(1,389)	1,060	(13,014)	768	211,470
FUND BALANCE, October 1	<u>618,694</u>	<u>119,681</u>	<u>253,025</u>	<u>60,890</u>	<u>-</u>	<u>1,052,290</u>
FUND BALANCE, September 30	<u><u>\$ 842,739</u></u>	<u><u>\$ 118,292</u></u>	<u><u>\$ 254,085</u></u>	<u><u>\$ 47,876</u></u>	<u><u>\$ 768</u></u>	<u><u>\$ 1,263,760</u></u>

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2014

Net change in fund balances - total governmental funds \$ 211,470

Amounts reported for governmental activities in the statement
 of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement
 of Activities the cost of these assets is allocated over their estimated useful lives on a
 straight line basis and reported as depreciation expense. The following is the detail
 of the amount by which depreciation exceeded capital outlays for the year:

Capital assets	129,372
Depreciation	(281,779)
	<u>(152,407)</u>

Some revenues reported in the governmental funds represent current financial
 resources and were recognized in the Statement of Activities when earned. (25,838)

Some expenditures reported in the governmental funds represent the use
 of current financial resources and were recognized in the Statement of
 Activities when incurred. (1,544)

The issuance of long-term debt provides current financial resources to governmental
 funds. The repayment of the principal of long-term debt is a use of current financial
 resources of governmental funds. In the Statement of Activities, interest is accrued
 on outstanding debt whereas, in the governmental funds, an interest expenditure is
 reported when due. The following is the detail of the net effect of these differences:

Lease proceeds	(60,300)
Repayment of principal on bonds, loans and leases	474,203
Accrued interest payable	920
	<u>414,823</u>

Change in net position of governmental activities \$ 446,504

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
September 30, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 12,223	\$ 76,302	\$ 88,525
Utilities receivable, net	173,103	76,645	249,748
Other accounts receivable	22	783	805
Inventory	55,397	41,923	97,320
Prepaid expenses	7,717	5,035	12,752
TOTAL CURRENT ASSETS	248,462	200,688	449,150
Restricted Assets			
Cash and cash equivalents	267,419	82,001	349,420
Investments	57,550	57,550	115,100
TOTAL RESTRICTED ASSETS	324,969	139,551	464,520
Property, Plant and Equipment			
Land	57,354	146,276	203,630
Sewer system	-	13,365,076	13,365,076
Water system	9,684,160	-	9,684,160
Pumping and purification	1,805,826	-	1,805,826
Lake	1,395,761	-	1,395,761
	12,943,101	13,511,352	26,454,453
Less accumulated depreciation	(5,509,660)	(4,093,230)	(9,602,890)
TOTAL PROPERTY, PLANT AND EQUIPMENT	7,433,441	9,418,122	16,851,563
TOTAL ASSETS	8,006,872	9,758,361	17,765,233
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	38,792	-	38,792
Deposits payable	69,600	-	69,600
Accrued interest payable	19,245	39,715	58,960
Current maturities of long-term debt	326,868	261,465	588,333
TOTAL CURRENT LIABILITIES	454,505	301,180	755,685
Long-Term Liabilities			
Revenue bonds payable	3,832,764	3,055,000	6,887,764
Loan payable	-	45,860	45,860
TOTAL LONG-TERM LIABILITIES	3,832,764	3,100,860	6,933,624
TOTAL LIABILITIES	4,287,269	3,402,040	7,689,309
Net Position			
Net investment in capital assets	3,273,809	6,055,797	9,329,606
Restricted	255,369	139,551	394,920
Unrestricted	190,425	160,973	351,398
TOTAL NET POSITION	\$ 3,719,603	\$ 6,356,321	\$ 10,075,924

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY
FUNDS
Year Ended September 30, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 1,826,218	\$ 874,484	\$ 2,700,702
Miscellaneous	6,213	26,668	32,881
TOTAL OPERATING REVENUES	1,832,431	901,152	2,733,583
OPERATING EXPENSES			
Administration	77,000	89,000	166,000
Legal and professional	27,616	22,650	50,266
Service agreement	508,700	271,245	779,945
Purchased services	444	2,872	3,316
Utilities	67,871	116,048	183,919
Maintenance	16,198	38,264	54,462
Supplies	168,455	45,921	214,376
Water purchased	407,941	-	407,941
Insurance	30,387	13,396	43,783
Depreciation	296,864	256,840	553,704
Miscellaneous	-	2,102	2,102
TOTAL OPERATING EXPENSES	1,601,476	858,338	2,459,814
OPERATING INCOME	230,955	42,814	273,769
NONOPERATING REVENUES (EXPENSES)			
Interest income	21,405	104,087	125,492
Interest expense	(177,308)	(191,257)	(368,565)
TOTAL NONOPERATING REVENUES (EXPENSES)	(155,903)	(87,170)	(243,073)
NET INCOME (LOSS)	75,052	(44,356)	30,696
NET POSITION, October 1	3,644,551	6,400,677	10,045,228
NET POSITION, September 30	\$ 3,719,603	\$ 6,356,321	\$ 10,075,924

See accompanying notes.

CITY OF BOWLING GREEN, MISSOURI
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended September 30, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,851,496	\$ 913,409	\$ 2,764,905
Cash paid to suppliers	(1,299,984)	(599,785)	(1,899,769)
NET CASH PROVIDED BY OPERATING ACTIVITIES	551,512	313,624	865,136
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of fixed assets	(66,799)	-	(66,799)
Payment of bond and loan principal	(304,937)	(271,465)	(576,402)
Payment of interest expense	(173,198)	(194,507)	(367,705)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(544,934)	(465,972)	(1,010,906)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	21,405	104,087	125,492
NET CASH PROVIDED BY INVESTING ACTIVITIES	21,405	104,087	125,492
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,983	(48,261)	(20,278)
CASH AND CASH EQUIVALENTS, Beginning of year	251,659	206,564	458,223
CASH AND CASH EQUIVALENTS, End of year	279,642	158,303	437,945
LESS RESTRICTED CASH AND CASH EQUIVALENTS	267,419	82,001	349,420
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 12,223</u>	<u>\$ 76,302</u>	<u>\$ 88,525</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 230,955	\$ 42,814	\$ 273,769
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	296,864	256,840	553,704
(Increase) decrease in:			
Utilities receivable	18,505	13,040	31,545
Inventory	3,604	1,807	5,411
Prepaid expenses	(88)	(94)	(182)
Other receivables	-	(783)	(783)
Increase in:			
Accounts payable	1,112	-	1,112
Deposits payable	560	-	560
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 551,512</u>	<u>\$ 313,624</u>	<u>\$ 865,136</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bowling Green, Missouri, (the City) was incorporated in 1823 under the provisions of the State of Missouri. The City operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water and sewer operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that the entity described in the following paragraph meets the above criteria and therefore, has been included as a component unit in the City's basic financial statements.

Component Unit

The City of Bowling Green Municipal Assistance Corporation is a not-for-profit corporation organized for the purpose of benefiting and carrying out the purpose of providing funds to acquire, purchase, construct and install certain projects, and to lease or sell such projects to others. The City of Bowling Green Municipal Assistance Corporation is governed by a six-member board appointed by the City. Although the City is not legally responsible for the debt of the municipal assistance corporation, the corporation's sole source of revenue is from lease payments from the City.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In conformity with accounting principles generally accepted in the United States of America the financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Cemetery Fund: The Cemetery Fund of the City is used to account for resources restricted, committed or assigned for operations of City cemeteries.

Park Fund: The Park Fund of the City is used to account for resources restricted, committed or assigned for operations of City parks.

Library Fund: The Library Fund of the City is used to account for resources restricted, committed or assigned for operations of the City library.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources restricted, committed or assigned for, and the payment of governmental long-term debt principal, interest, and related costs. The Debt Service Fund consists of the City of Bowling Green Municipal Assistance Corporation Debt Service Fund.

The City reports the following major proprietary funds:

Water Fund: The Water Fund accounts for the activities and capital improvements of the City's water operations.

Sewer Fund: The Sewer Fund accounts for the activities and capital improvements of the City's sewer operations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the city elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Distribution system	20 to 100 years
Buildings and improvements	50 years
Purification	20 to 50 years
Machinery and equipment	5 to 15 years
Infrastructure	35 to 50 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Pooled Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Fund is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Governmental Accounting Standards Board (GASB) Statement Section 1400-120-137 – *Capitalization of Interest Cost*. There was no interest capitalized during the current fiscal year.

Compensated Absences

Employees earn vacation time based on the number of years service to the City. Outstanding vacation is payable on termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

In the government-wide financial statements, net position is classified in three components as follows:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City’s Board of Aldermen.

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City’s deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2014, all bank balances on deposit are entirely insured or collateralized.

NOTE C – INVESTMENTS

Investments of the City as of September 30, 2014, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	10/23/2014 - 6/11/2015	<u>\$ 399,150</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2014, all certificates of deposit are entirely insured or collateralized with securities.

The City does not have a policy on interest rate risk.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE D – RESTRICTED ASSETS

Governmental Activities

Cash, investments and net position have been restricted as follows:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
GENERAL FUND		
Court bonds	\$ 1,187	\$ -
Excavation permit bond	2,500	-
Airport fuel deposits	3,360	-
Community center deposits	200	-
Flag reserves	2,573	2,573
	<u>\$ 9,820</u>	<u>\$ 2,573</u>
	<u>Restricted Cash and Investments</u>	<u>Nonspendable/ Restricted Net Position</u>
CEMETERY FUND		
Nonspendable:		
Perpetual care	\$ 29,321	\$ 29,321
Restricted:		
Cemetery tax	-	88,132
Cemetery donations	150	150
	<u>\$ 29,471</u>	<u>\$ 117,603</u>
PARK FUND		
Park sales tax	<u>\$ -</u>	<u>\$ 252,540</u>
LIBRARY FUND		
Library tax	<u>\$ -</u>	<u>\$ 46,984</u>
DEBT SERVICE FUND		
Debt service	<u>\$ 768</u>	<u>\$ 768</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE D – RESTRICTED ASSETS (continued)

Business-Type Activities

The 2003B Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Ordinance and the 2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds Ordinance (State Revolving Fund Program) and USDA Series 2012 A, B, and C Combined Waterworks and Sewerage System Revenue Bonds established amounts required to be deposited in certain sinking and reserve funds. All required deposits have been made. These special cash reserves are reported in the accompanying balance sheet as restricted cash and investments, and restricted net position. Restricted cash and investments also include cash restricted for customer deposits. These restrictions are as follows:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
WATER FUND		
2003C Revenue Bonds		
Principal and interest	\$ 67,448	\$ 67,448
Depreciation and replacement	57,550	57,550
USDA Revenue Bonds		
Debt service reserve	47,058	47,058
Short lived asset reserve	83,313	83,313
Customer Deposits	69,600	-
	<u>\$ 324,969</u>	<u>\$ 255,369</u>
SEWER FUND		
2003B Revenue Bonds		
Principal and interest	\$ 82,001	\$ 82,001
Depreciation and replacement	57,550	57,550
	<u>\$ 139,551</u>	<u>\$ 139,551</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable is presented net of an allowance for doubtful accounts as follows:

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
UTILITIES RECEIVABLE			
Water Fund	\$ 174,126	\$ 1,023	\$ 173,103
Sewer Fund	77,316	671	76,645
	<u>\$ 251,442</u>	<u>\$ 1,694</u>	<u>\$ 249,748</u>

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt of the City of Bowling Green consists of the 2012 Refunding Certificates of Participation, a loan payable, three leases payable, and compensated absences.

Certificates of Participation

On October 3, 2012, the City issued \$1,335,000 in Refunding Certificates of Participation for the purpose of refunding the 2004A Leasehold Revenue Refunding Bonds and 2004B Leasehold Revenue Bonds issued by the Bowling Green Municipal Assistance Corporation. The Certificates of Participation bear interest at various rates ranging from 1.10% to 3.70% with principal payments due on November 1 and interest payments due on May 1 and November 1 of each year.

\$ 1,160,000

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

The Certificates of Participation outstanding at September 30, 2014, are due as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 180,000	\$ 30,113	\$ 210,113
2016	85,000	28,040	113,040
2017	85,000	26,510	111,510
2018	85,000	24,768	109,768
2019	85,000	22,770	107,770
2020	90,000	20,425	110,425
2021	95,000	17,670	112,670
2022	95,000	14,606	109,606
2023	100,000	11,265	111,265
2024	105,000	7,625	112,625
2025	155,000	2,867	157,867
	<u>\$ 1,160,000</u>	<u>\$ 206,659</u>	<u>\$ 1,366,659</u>

Loan Payable

During 2008, the City entered into a Sales Tax Reimbursement Agreement with Bowling Green Town Center, LLC (“Developer”). During the year ended September 30, 2010, the project was completed and the City began repayment. The purpose of the agreement is to have the Developer construct a shopping center, which will improve the economic welfare of the City by enhancing the tax base, and improve certain public infrastructure within the City. Per the agreement, the City is to reimburse the Developer for a predetermined portion of the costs of such improvements. Quarterly payments are the lesser of 85% of tax revenue generated from Wal-Mart or 140% of the rental payments due under the lease. Five year maturities for principal and interest are not presented since the future revenue from taxes and principal payments will vary from year to year. As of September 30, 2014, the total outstanding balance on the loan is \$2,538,428.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

Capital Lease Obligations

In December 2012, the City entered into a lease obligation to purchase a chipper. The lease requires monthly payments through 2018; with interest at 3.1%.

In February 2013, the City of Bowling Green Municipal Assistance Corporation entered into a lease obligation to purchase a fire truck. The lease requires annual payments through 2023; with interest at 3.125%.

In September 2014, the City entered into a lease obligation to purchase three police cars. The lease requires semi-annual payments through 2017; with interest at 2.12%.

The City’s lease/purchase agreements provide for cancellation of the leases at the City’s option on the renewal dates each year, per State statute, however, the City does not foresee exercising its options to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with FASB Accounting Standards Codification ASC Topic No. 840-30-30, “*Accounting for Capital Leases.*”

The following is a schedule of the future minimum lease payments under the lease agreements (assuming noncancellation):

Year Ended September 30,	Chipper Lease	Fire Truck Lease	Police Cars Lease	Total
2015	\$ 8,491	\$ 7,669	\$ 20,636	\$ 36,796
2016	8,491	7,669	20,636	36,796
2017	8,491	7,669	10,318	26,478
2018	2,122	7,669	-	9,791
2019	-	7,669	-	7,669
2020	-	7,669	-	7,669
2021	-	7,669	-	7,669
2022	-	7,669	-	7,669
2023	-	7,433	-	7,433
TOTAL MINIMUM LEASE PAYMENTS	27,595	68,785	51,590	147,970
LESS AMOUNT REPRESENTING INTEREST	(1,377)	(9,423)	(1,608)	(12,408)
PRINCIPAL BALANCE, SEPTEMBER 30, 2014	\$ 26,218	\$ 59,362	\$ 49,982	\$ 135,562

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

The following table is a summary of the changes in the Long-Term Debt – Governmental Activities:

	Balance September 30, 2013	New Obligations	Retirements	Balance September 30, 2014	Amounts Due Within One Year
Certificates of Participation	\$ 1,335,000	\$ -	\$ 175,000	\$ 1,160,000	\$ 180,000
Loan Payable	2,814,124	-	275,696	2,538,428	-
Leases Payable	98,769	60,300	23,507	135,562	23,388
Compensated Absences	24,123	1,544	-	25,667	-
	<u>\$ 4,272,016</u>	<u>\$ 61,844</u>	<u>\$ 474,203</u>	<u>\$ 3,859,657</u>	<u>\$ 203,388</u>

NOTE G – LONG-TERM DEBT – BUSINESS TYPE ACTIVITIES

Long-term debt in the Water and Sewer Funds consists of the 2003B Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), 2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds (State Revolving Fund Program), 2012A, B and C Combined Waterworks and Sewerage System Revenue Bonds, and a loan payable.

2003B Combined Waterworks and Sewerage System Revenue Bonds

In November 2003, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$5,560,000 in Combined Waterworks and Sewerage System Revenue Bonds, Series 2003B. The bonds bear interest at 2.0% to 5.0%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on July 1 of each year at .714% of the outstanding principal balance.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE G – LONG-TERM DEBT – BUSINESS TYPE ACTIVITIES (continued)

The annual debt service requirements to amortize the principal on the 2003B revenue bonds outstanding at September 30, 2014, are listed in the following table:

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
2015	\$ 265,000	\$ 158,860	\$ 23,598	\$ 447,458
2016	275,000	145,610	21,706	442,316
2017	275,000	134,610	19,742	429,352
2018	285,000	120,860	17,779	423,639
2019	290,000	106,610	15,744	412,354
2020	300,000	92,110	13,673	405,783
2021	305,000	78,910	11,531	395,441
2022	315,000	63,660	9,353	388,013
2023	325,000	47,910	7,104	380,014
2024	330,000	31,660	4,784	366,444
2025	340,000	16,150	2,428	358,578
	<u>\$ 3,305,000</u>	<u>\$ 996,950</u>	<u>\$ 147,442</u>	<u>\$ 4,449,392</u>

2003C Combined Waterworks and Sewerage System Refunding Revenue Bonds

In November 2003, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$3,160,000 in Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2003C. The bonds bear interest at 2.0% to 5.0%. The interest paid is offset by an interest subsidy from the State of Missouri’s 50% bond reserves. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 1.0% of the outstanding principal balance.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE G – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

The annual debt service requirements to amortize the principal on the 2003C revenue bonds outstanding at September 30, 2014, are listed in the following table:

Year Ended September 30,	Principal	Interest	Administrative Fee	Total
2015	\$ 250,000	\$ 35,950	\$ 7,700	\$ 293,650
2016	255,000	23,450	5,200	283,650
2017	265,000	13,250	2,650	280,900
	<u>\$ 770,000</u>	<u>\$ 72,650</u>	<u>\$ 15,550</u>	<u>\$ 858,200</u>

2012 Combined Waterworks and Sewerage System Revenue Bonds

In January 2012, the City entered into an agreement with the United States Department of Agriculture to issue \$2,019,000, \$500,000 and \$979,000 in Combined Waterworks and Sewerage System Revenue Bonds Series A, Series B, and Series C, respectively. The bonds bear interest at 2.375% to 4.0%. Principal and interest payments are due monthly each year.

The annual debt service requirements to amortize the principal on the bonds outstanding at September 30, 2014, are listed in the following tables:

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE G – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Series 2012A

Year Ended September 30,	Principal	Interest	Total
2015	\$ 32,911	\$ 78,365	\$ 111,276
2016	34,351	76,925	111,276
2017	35,751	75,525	111,276
2018	37,208	74,068	111,276
2019	38,723	72,553	111,276
2020	40,301	70,975	111,276
2021	41,943	69,333	111,276
2022	43,652	67,624	111,276
2023	45,430	65,846	111,276
2024	47,281	63,995	111,276
2025	49,208	62,068	111,276
2026	51,212	60,064	111,276
2027	53,299	57,977	111,276
2028	55,470	55,806	111,276
2029	57,730	53,546	111,276
2030	60,082	51,194	111,276
2031	62,530	48,746	111,276
2032	65,078	46,198	111,276
2033	67,729	43,547	111,276
2034	70,488	40,788	111,276
2035	73,360	37,916	111,276
2036	76,349	34,927	111,276
2037	79,460	31,816	111,276
2038	82,697	28,579	111,276
2039	86,066	25,210	111,276
2040	89,572	21,704	111,276
2041	93,222	18,054	111,276
2042	97,020	14,256	111,276
2043	100,973	10,303	111,276
2044	105,086	6,190	111,276
2045	97,473	1,917	99,390
	<u>\$ 1,971,655</u>	<u>\$ 1,466,015</u>	<u>\$ 3,437,670</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE G – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Series 2012B

Year Ended September 30,	Principal	Interest	Total
2015	\$ 8,158	\$ 19,406	\$ 27,564
2016	8,515	19,049	27,564
2017	8,862	18,702	27,564
2018	9,223	18,341	27,564
2019	9,599	17,965	27,564
2020	9,990	17,574	27,564
2021	10,397	17,167	27,564
2022	10,820	16,744	27,564
2023	11,261	16,303	27,564
2024	11,720	15,844	27,564
2025	12,197	15,367	27,564
2026	12,694	14,870	27,564
2027	13,211	14,353	27,564
2028	13,750	13,814	27,564
2029	14,310	13,254	27,564
2030	14,893	12,671	27,564
2031	15,500	12,064	27,564
2032	16,131	11,433	27,564
2033	16,788	10,776	27,564
2034	17,472	10,092	27,564
2035	18,184	9,380	27,564
2036	18,925	8,639	27,564
2037	19,696	7,868	27,564
2038	20,499	7,065	27,564
2039	21,334	6,230	27,564
2040	22,203	5,361	27,564
2041	23,107	4,457	27,564
2042	24,049	3,515	27,564
2043	25,029	2,535	27,564
2044	26,048	1,516	27,564
2045	23,695	459	24,154
	<u>\$ 488,260</u>	<u>\$ 362,814</u>	<u>\$ 851,074</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE G – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Series 2012C

Year Ended September 30,	Principal	Interest	Total
2015	\$ 20,799	\$ 22,341	\$ 43,140
2016	21,336	21,804	43,140
2017	21,849	21,291	43,140
2018	22,373	20,767	43,140
2019	22,910	20,230	43,140
2020	23,460	19,680	43,140
2021	24,024	19,116	43,140
2022	24,601	18,539	43,140
2023	25,191	17,949	43,140
2024	25,796	17,344	43,140
2025	26,415	16,725	43,140
2026	27,050	16,090	43,140
2027	27,699	15,441	43,140
2028	28,364	14,776	43,140
2029	29,045	14,095	43,140
2030	29,743	13,397	43,140
2031	30,457	12,683	43,140
2032	31,188	11,952	43,140
2033	31,937	11,203	43,140
2034	32,704	10,436	43,140
2035	33,489	9,651	43,140
2036	34,293	8,847	43,140
2037	35,116	8,024	43,140
2038	35,960	7,180	43,140
2039	36,823	6,317	43,140
2040	37,707	5,433	43,140
2041	38,612	4,528	43,140
2042	39,539	3,601	43,140
2043	40,489	2,651	43,140
2044	41,461	1,679	43,140
2045	42,456	684	43,140
2046	5,701	15	5,716
	<u>\$ 948,587</u>	<u>\$ 394,469</u>	<u>\$ 1,343,056</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE G – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Loan Payable

In September 2009, the City entered into an agreement with Alliance Water Resources, Inc. for upgrades to the aeration system at the City's waste water treatment plant in the amount of \$114,650. The agreement requires annual payments of \$11,465, including interest of 4.0%.

Principal and interest payments are due as follows:

Year Ended September 30,	Principal	Interest	Total
2015	\$ 11,465	\$ 2,293	\$ 13,758
2016	11,465	1,834	13,299
2017	11,465	1,376	12,841
2018	11,465	917	12,382
2019	11,465	459	11,924
	<u>\$ 57,325</u>	<u>\$ 6,879</u>	<u>\$ 64,204</u>

The following table is a summary of the changes in the business-type activities long-term debt for the year ended September 30, 2014:

	Balance September 30, 2013	New Obligations	Retirements	Balance September 30, 2014	Amounts Due Within One Year
WATER FUND					
Revenue Bonds Payable	\$ 4,483,439	\$ -	\$ 304,937	\$ 4,178,502	\$ 326,868
Less: Deferred loss on bond refunding	(25,159)	-	(6,289)	(18,870)	-
	<u>4,458,280</u>	-	<u>298,648</u>	<u>4,159,632</u>	<u>326,868</u>
SEWER FUND					
Revenue Bonds Payable	3,565,000	-	260,000	3,305,000	250,000
Loan Payable	68,790	-	11,465	57,325	11,465
	<u>3,633,790</u>	-	<u>271,465</u>	<u>3,362,325</u>	<u>261,465</u>
	<u>\$ 8,092,070</u>	<u>\$ -</u>	<u>\$ 570,113</u>	<u>\$ 7,521,957</u>	<u>\$ 588,333</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
GOVERNMENTAL ACTIVITIES				
Non-depreciable capital assets:				
Land	\$ 1,103,673	\$ -	\$ -	\$ 1,103,673
Depreciable capital assets				
Building and improvements	2,383,630	\$ -	\$ -	2,383,630
Machinery and equipment	1,223,221	76,461	-	1,299,682
Infrastructure	8,181,551	52,911	-	8,234,462
Total Depreciable Capital Assets	11,788,402	\$ 129,372	\$ -	11,917,774
Less Accumulated Depreciation				
Buildings and improvements	461,275	\$ 50,637	\$ -	511,912
Machinery and equipment	797,524	65,809	-	863,333
Infrastructure	1,625,848	165,333	-	1,791,181
Total Accumulated Depreciation	2,884,647	\$ 281,779	\$ -	3,166,426
Total Depreciable Capital Assets, net	8,903,755			8,751,348
Total Governmental Activities Capital Assets, net	\$ 10,007,428			\$ 9,855,021

Depreciation expense for governmental activities was charged to functions as follows:

Administrative	\$ 11,193
Community center	2,457
Library	1,732
Public safety	11,318
Fire	9,470
Park	28,289
Airport	24,346
Street	192,638
Cemetery	336
	<u>\$ 281,779</u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE H – CAPITAL ASSETS (continued)

	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
BUSINESS-TYPE ACTIVITIES				
Water Fund				
Non-depreciable Capital Assets				
Land	\$ 57,354	\$ -	\$ -	\$ 57,354
Depreciable Capital Assets				
Water system	9,617,361	\$ 66,799	\$ -	9,684,160
Pumping and purification	1,805,826	-	-	1,805,826
Lake	1,395,761	-	-	1,395,761
Total Depreciable Capital Assets	12,818,948	\$ 66,799	\$ -	12,885,747
Less Accumulated Depreciation	5,212,796	\$ 296,864	\$ -	5,509,660
Depreciable Capital Assets, net	7,606,152			7,376,087
Sewer Fund				
Non-depreciable Capital Assets				
Land	146,276	\$ -	\$ -	146,276
Depreciable Capital Assets				
Sewer system	13,365,076	\$ -	\$ -	13,365,076
Less Accumulated Depreciation	3,836,390	\$ 256,840	\$ -	4,093,230
Depreciable Capital Assets, net	9,528,686			9,271,846
Total Capital Assets				
Business-Type Activities, net	\$ 17,338,468			\$ 16,851,563

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE I – EMPLOYEE PENSION PLAN

Plan Description

The City of Bowling Green participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute Section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

Full-time employees of the City of Bowling Green do not contribute to the pension plan. The June 30th statutorily required contribution rates are 4.4% (General) and 4.4% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 27,932
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>27,932</u>
Actual contributions	<u>27,932</u>
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	<u><u>\$ -</u></u>

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE I – EMPLOYEE PENSION PLAN (continued)

The annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014, included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 year for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 4 years for the General division and 3 years for the Police division. The amortization period as of February 29, 2012, was 7 years for the General division and 4 years for the Police division.

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 14,896	100%	\$ -
2013	20,524	100%	-
2014	27,932	100%	-

The actuarial valuation revealed the following relating to the financial position of the Plan:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) (Excess) Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2014	\$ 1,265,713	\$ 960,749	\$ (304,964)	132%	\$ 633,405	0%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

	<u>2013</u>
Assessed Valuation	
Real estate	\$ 32,248,140
Personal property	<u>9,658,951</u>
TOTAL	<u>\$ 41,907,091</u>
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.6023
Cemetery Fund	.0929
Library Fund	<u>.1858</u>
TOTAL	<u>\$.8810</u>

The legal debt margin at September 30, 2014, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional debt limit	\$ 4,190,709	\$ 4,190,709	\$ 8,381,418
General Obligation Bonds payable	<u>-</u>	<u>-</u>	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 4,190,709</u>	<u>\$ 4,190,709</u>	<u>\$ 8,381,418</u>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE K – DEFERRED COURT FINES

Revenues from receivables not expected to be collected in time to pay current operating expenses are deferred until received in the governmental funds. These deferred court fines are to be collected over several years. All of the deferred court fines at September 30, 2014, are accounted for as follows:

General Fund	
Deferred court fines	<u>\$ 39,880</u>

NOTE L – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE M – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2014, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 8,437
Debt Service Fund	<u>8,437</u>	<u>-</u>
	<u>\$ 8,437</u>	<u>\$ 8,437</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF BOWLING GREEN, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2014

NOTE N – INTERNAL BALANCES

Internal balances as of September 30, 2014, consisted of the following:

	General Fund	Park Fund	Library Fund
Internal balances	<u>\$ (51,399)</u>	<u>\$ 53,767</u>	<u>\$ (2,368)</u>

During the course of its operations, the City has numerous transactions between funds to finance operation, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2014, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE O – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of September 30, 2014, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE P – BOND ORDINANCES

On August 7, 2007, the City passed a \$3,000,000 bond issue for the purpose of acquiring, constructing, extending, improving, furnishing and equipping the City’s combined waterworks and sewerage system. As of September 30, 2014, \$922,000 of the 2007 bond ordinances had not been issued.

CITY OF BOWLING GREEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE Q – COMMITMENTS

At September 30, 2014, the City had the following commitments:

- Alliance Water Resource, Inc. in the amount of \$1,130,743 for professional services which include providing management, operation, and maintenance of the water and sewer system during fiscal year 2015.
- Mid River Asphalt, Inc. in the amount of \$629,279 for street improvements.

NOTE R – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues to repay the 2003B and 2003C Combined Waterworks and Sewerage Bonds and 2012 Series A, B, and C Waterworks and Sewerage System Combined Revenue Bonds issued to improve and expand the water and sewer system. The bonds are payable solely from water and sewer customer net revenues and are payable through 2045. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$10,776,400. Principal and interest paid for the current year and total customer net revenues were \$904,100 and \$827,473, respectively. In addition, interest subsidies paid \$125,016 of the total interest expense.

NOTE S – SUBSEQUENT EVENT

On October 31, 2014, the City issued Series 2014 Certificates of Participation in the amount of \$651,800 for street improvements.

NOTE T – CONDUIT DEBT

On December 20, 2002, the City authorized the issuance of \$103,400,000 of Taxable Industrial Development Revenue Bonds (AmerenUE Project), Series 2002. The issuance is Chapter 100 debt in order to provide economic financial assistance to a third-party private entity and the City has no obligation beyond the rents, revenues, and receipts derived by the City from the Project; therefore, the issue does not constitute a debt of the City and, accordingly, is not included in the City's statement of net position. At September 30, 2014, the amount outstanding was \$59,329,630.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOWLING GREEN, MISSOURI
 SCHEDULE OF FUNDING PROGRESS
 Year Ended September 30, 2014

Missouri Local Government Employees Retirement System (LAGERS)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) (Excess) Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/29/2012	\$ 1,008,281	\$ 845,377	\$ (162,904)	119%	\$ 666,116	0%
02/28/2013	1,104,916	897,373	(207,543)	123%	647,137	0%
02/28/2014	1,265,713	960,749	(304,964)	132%	633,405	0%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	\$ 239,500	\$ 239,500	\$ 232,496	\$ (7,004)
City sales tax	787,000	787,000	845,863	58,863
Transportation sales tax	370,000	370,000	402,180	32,180
Financial institution tax	2,800	2,800	703	(2,097)
Railroad and utility tax	30,000	30,000	30,517	517
Surtax	4,500	4,500	3,800	(700)
Utility franchise tax	325,000	325,000	350,802	25,802
Motor vehicle tax	183,000	183,000	201,614	18,614
Payment in lieu of taxes	200,000	200,000	200,000	-
Lodging tax	45,000	45,000	50,851	5,851
Cigarette tax	21,000	21,000	21,128	128
	<u>2,207,800</u>	<u>2,207,800</u>	<u>2,339,954</u>	<u>132,154</u>
Licenses and Permits				
Occupational licenses	10,500	10,500	13,558	3,058
Building permits	7,500	7,500	5,444	(2,056)
Animal license and fees	1,000	1,000	481	(519)
	<u>19,000</u>	<u>19,000</u>	<u>19,483</u>	<u>483</u>
Intergovernmental Revenues				
Police grants	9,000	9,000	2,295	(6,705)
Charges for Services				
Printing	-	-	293	293
Airport fuel	65,000	65,000	58,931	(6,069)
Trash billing	140,000	140,000	5,330	(134,670)
	<u>205,000</u>	<u>205,000</u>	<u>64,554</u>	<u>(140,446)</u>
Fines and Forfeitures				
City court fines	46,000	46,000	43,500	(2,500)
Miscellaneous				
Rents and royalties	21,900	21,900	20,578	(1,322)
Interest	4,000	4,000	2,797	(1,203)
Donations	-	-	1,300	1,300
Other	83,671	83,671	19,236	(64,435)
	<u>109,571</u>	<u>109,571</u>	<u>43,911</u>	<u>(65,660)</u>
TOTAL REVENUES	<u>2,596,371</u>	<u>2,596,371</u>	<u>2,513,697</u>	<u>(82,674)</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
Administrative	462,698	462,698	359,785	102,913
Public safety	905,992	905,992	932,418	(26,426)
Fire	35,730	35,730	36,328	(598)
Community center	17,618	17,618	17,938	(320)
Airport	76,849	76,849	77,809	(960)
Street	424,892	424,892	453,638	(28,746)
Municipal court	8,891	8,891	8,733	158
Planning and zoning	68,550	68,550	66,420	2,130
Other	3,900	3,900	3,265	635
Debt Service				
Principal and interest	582,651	582,651	582,562	89
TOTAL EXPENDITURES	<u>2,587,771</u>	<u>2,587,771</u>	<u>2,538,896</u>	<u>48,875</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES				
	8,600	8,600	(25,199)	(33,799)
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	197,381	197,381
Lease proceeds	-	-	60,300	60,300
Operating transfers (out)				
Debt Service Fund	(8,600)	(8,600)	(8,437)	163
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,600)</u>	<u>(8,600)</u>	<u>249,244</u>	<u>257,844</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)				
	-	-	224,045	224,045
FUND BALANCE, October 1	618,694	618,694	618,694	-
FUND BALANCE, September 30	<u>\$ 618,694</u>	<u>\$ 618,694</u>	<u>\$ 842,739</u>	<u>\$ 224,045</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 37,300	\$ 37,300	\$ 36,317	\$ (983)
Financial institution tax	450	450	114	(336)
Railroad and utility tax	4,800	4,800	4,937	137
Surtax	700	700	615	(85)
	<u>43,250</u>	<u>43,250</u>	<u>41,983</u>	<u>(1,267)</u>
Charges for services				
Sale of lots	4,500	4,500	7,600	3,100
Miscellaneous				
Donations	-	-	354	354
Interest	400	400	579	179
	<u>400</u>	<u>400</u>	<u>933</u>	<u>533</u>
TOTAL REVENUES	<u>48,150</u>	<u>48,150</u>	<u>50,516</u>	<u>2,366</u>
EXPENDITURES				
Cemetery	<u>48,150</u>	<u>48,150</u>	<u>51,905</u>	<u>(3,755)</u>
TOTAL EXPENDITURES	<u>48,150</u>	<u>48,150</u>	<u>51,905</u>	<u>(3,755)</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES				
	-	-	(1,389)	(1,389)
FUND BALANCE, October 1	<u>119,681</u>	<u>119,681</u>	<u>119,681</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 119,681</u>	<u>\$ 119,681</u>	<u>\$ 118,292</u>	<u>\$ (1,389)</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – PARK FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	\$ 181,000	\$ 181,000	\$ 201,091	\$ 20,091
Charges for Services				
Park rental	700	700	1,105	405
Miscellaneous				
Interest	800	800	907	107
Other	64,800	64,800	16,507	(48,293)
	<u>65,600</u>	<u>65,600</u>	<u>17,414</u>	<u>(48,186)</u>
TOTAL REVENUES	247,300	247,300	219,610	(27,690)
EXPENDITURES				
Current				
Park	194,700	194,700	168,483	26,217
Pool	27,600	27,600	25,268	2,332
Debt Service				
Principal and interest	25,000	25,000	24,799	201
TOTAL EXPENDITURES	<u>247,300</u>	<u>247,300</u>	<u>218,550</u>	<u>28,750</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,060	1,060
FUND BALANCE, October 1	<u>253,025</u>	<u>253,025</u>	<u>253,025</u>	-
FUND BALANCE, September 30	<u>\$ 253,025</u>	<u>\$ 253,025</u>	<u>\$ 254,085</u>	<u>\$ 1,060</u>

CITY OF BOWLING GREEN, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – LIBRARY FUND
 Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes and penalties	\$ 71,200	\$ 71,200	\$ 71,392	\$ 192
Financial institution tax	800	800	217	(583)
Railroad and utility tax	9,750	9,750	9,424	(326)
Surtax	1,400	1,400	1,174	(226)
	<u>83,150</u>	<u>83,150</u>	<u>82,207</u>	<u>(943)</u>
Intergovernmental Revenues				
State grants	2,600	2,600	4,410	1,810
Charges for Services				
Fines, fees and memberships	3,750	3,750	3,765	15
Miscellaneous				
Donations	8,500	8,500	2,048	(6,452)
Interest	250	250	344	94
Other	350	350	242	(108)
	<u>9,100</u>	<u>9,100</u>	<u>2,634</u>	<u>(6,466)</u>
TOTAL REVENUES	<u>98,600</u>	<u>98,600</u>	<u>93,016</u>	<u>(5,584)</u>
EXPENDITURES				
Current				
Library	92,000	92,000	100,091	(8,091)
Debt Service				
Principal and interest	6,600	6,600	5,939	661
TOTAL EXPENDITURES	<u>98,600</u>	<u>98,600</u>	<u>106,030</u>	<u>(7,430)</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES				
	-	-	(13,014)	(13,014)
FUND BALANCE, October 1	<u>60,890</u>	<u>60,890</u>	<u>60,890</u>	-
FUND BALANCE, September 30	<u><u>\$ 60,890</u></u>	<u><u>\$ 60,890</u></u>	<u><u>\$ 47,876</u></u>	<u><u>\$ (13,014)</u></u>

CITY OF BOWLING GREEN, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended September 30, 2014

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the Board of Aldermen in late August or early September to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to October 1, ordinances are passed by the Board, which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of Board of Aldermen.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by Board of Aldermen on approved budget adjustment forms.

OTHER FINANCIAL INFORMATION



**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Bowling Green, Missouri, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Bowling Green, Missouri's basic financial statements, and have issued our report thereon, dated January 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bowling Green, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bowling Green, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

Honorable Mayor and Board of Aldermen
City of Bowling Green
Bowling Green, Missouri

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. The deficiency is identified as item 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bowling Green, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Bowling Green, Missouri's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain other matters that we have reported to management of the City in a separate letter dated January 20, 2015.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bowling Green, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bowling Green, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
January 20, 2015

CITY OF BOWLING GREEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2014

2014-001 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.